

**Supplemental Reporting Document
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September 2006 Investment Committee Meeting
(July 2006 Reporting Period)**

Chief Investment Officer's/Assistant Executive Officer's Report

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TARGET PERCENTAGE COMPARISON ASSET ALLOCATION¹ As of July 31, 2006

(A) <u>Asset Class</u>	(B) <u>Market Value</u> (\$ Billion)	(C) <u>Current</u> <u>Allocation</u>	(D) <u>Target</u>	(E) <u>Macro</u> <u>Ranges</u>	(F) <u>Difference</u> <u>(C-D)</u>
Total Cash Equivalents	0.9	0.5 %	0.0 %		0.5 %
Total AIM: Direct/Partnership	11.5	5.5	6.0	3-9 %	-0.5
Total Global Fixed Income	50.8	24.2	26.0	21-31 %	-1.8
Equities					
Domestic ²	83.3	39.7	40.0		-0.3
International	<u>48.0</u>	<u>22.8</u>	<u>20.0</u>		<u>2.8</u>
Total Equities	131.2	62.5	60.0	61-71 %	2.5
Total Real Estate	15.6	7.4	8.0	4-12 %	-0.6
Total Equities & Real Estate	146.8	69.9	68.0		1.9
Total Fund	<u>210.0</u>	<u>100.0 %</u>	<u>100.0 %</u>		

¹ As allocated to managers.

² Included is MDP Investment: LM Capital Investment: Total Market Value=**\$182.2M**.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.
When summing net amounts on this report, there may be breakage.

TARGET DOLLAR COMPARISON
ASSET ALLOCATION
As of July 31, 2006

(A) <u>Asset Class</u>	(B) Current <u>Allocation</u>	(C) <u>Market Value</u> (\$ Billion)	(D) <u>New Policy¹</u> (\$ Billion)	(E) Difference <u>(D-C)</u> (\$ Billion)
Total Cash Equivalents	0.5 %	0.9	0.0	-0.9
Total AIM: Direct/Partnership	5.5	11.5	12.6	1.1
Total Global Fixed Income	24.2	50.8	54.6	3.8
Equities				
Domestic ²	39.7	83.3	84.0	0.7
International	<u>22.8</u>	<u>48.0</u>	<u>42.0</u>	<u>-6.0</u>
Total Equities	62.5	131.2	126.0	-5.2
Total Real Estate	7.4	15.6	16.8	1.2
	<hr/>	<hr/>	<hr/>	<hr/>
Total Equities & Real Estate	69.9	146.8	142.8	-4.0
	<hr/>	<hr/>	<hr/>	
Total Fund	<u>100.0 %</u>	<u>210.0</u>	<u>210.0</u>	

¹ New Policy: Strategic asset allocation targets effective January 1, 2005.

² Included is MDP Investment: LM Capital Investment: Total Market Value=**\$182.2M**.

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MONTHLY PROGRESS REPORT

ASSET ALLOCATION¹

As of July 31, 2006

(A)	(B)	(C)	(D)	(E)
<u>Asset Class</u>	<u>6/30/2006 Market Value (\$ Billion)</u>	<u>7/31/2006 Market Value (\$ Billion)</u>	<u>Difference (C-B) (\$ Billion)</u>	<u>Target (\$ Billion)</u>
Total Cash Equivalents	0.6	0.9	0.3	0.0
Total AIM: Direct/Partnership	11.3	11.5	0.2	12.6
Total Global Fixed Income	49.9	50.8	0.9	54.6
Equities				
Domestic ²	83.2	83.3	0.1	84.0
International	<u>48.2</u>	<u>48.0</u>	<u>-0.3</u>	<u>42.0</u>
Total Equities	131.4	131.2	-0.2	126.0
Total Real Estate	15.0	15.6	0.6	16.8
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Total Equities & Real Estate	146.4	146.8	0.4	142.8
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund	<u><u>208.2</u></u>	<u><u>210.0</u></u>	<u><u>1.7</u></u>	<u><u>210.0</u></u>

¹ Monthly progress report toward new policy targets.

² Included is MDP Investment: LM Capital Investment: Total Market Value=**\$182.2M**.

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BOOK VS MARKET VALUE

As of July 31, 2006

(A) <u>Asset Class</u>	(B) <u>Book</u> <u>Value</u> (\$ Billion)	(C) <u>Market</u> <u>Value</u> (\$ Billion)	(D) <u>Difference</u> <u>(C - B)</u> (\$ Billion)
Total Cash Equivalents	0.9	0.9	0.0
Total AIM: Direct/Partnership	13.4	11.5	-1.9
Total Global Fixed Income	51.2	50.8	-0.5
Equities			
Domestic ¹	50.6	83.3	32.7
International	<u>36.7</u>	<u>48.0</u>	<u>11.2</u>
Total Equities	87.3	131.2	43.9
Total Real Estate	13.0	15.6	2.6
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Total Equities & Real Estate	100.3	146.8	46.6
	<hr/>	<hr/>	<hr/>
Total Fund	<u><u>165.8</u></u>	<u><u>210.0</u></u>	<u><u>44.1</u></u>

¹ Included is MDP Investment- LM Capital Investment: Total Book Value=~~\$187.0M~~, Total Market Value=~~\$182.2M~~.

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GROSS PERFORMANCE VS EXPECTED RETURNS

One Year
August 1, 2005 to July 31, 2006

(A)	(B)	(C)	(D)	(E)	(F)
<u>Asset Class</u>	<u>Current Allocation</u>	<u>Asset Return</u>	<u>CalPERS Long-Term Expected Annual Return¹</u>	<u>Expected Standard Deviation</u>	<u>One Standard Deviation Range</u>
Total Cash Equivalents	0.5 %	4.6 %	5.2 %	1.1 %	4.1 - 6.3 %
Total AIM	5.5	20.0	13.5	30.0	-16.5 - 43.5
Total Global Fixed Income	24.2	1.6	6.1	8.0	-1.9 - 14.1
Equities					
Domestic	39.7	5.1	9.6	17.0	-7.4 - 26.6
International	<u>22.8</u>	<u>23.6</u>	9.1	19.5	-10.4 - 28.6
Total Equities	62.5	11.4			
Total Real Estate	7.4	38.7	8.5	14.0	-5.5 - 22.5
Total Fund	<u>100.0</u>	<u>10.4</u>	<u>8.8</u>	<u>12.2</u>	<u>-3.4 - 21.0</u>

¹ Asset Allocation Workshop, October 2004

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NET PERFORMANCE VS EXPECTED RETURNS

One Year
August 1, 2005 to July 31, 2006

(A)	(B)	(C)	(D)	(E)	(F)
<u>Asset Class</u>	<u>Current Allocation</u>	<u>Asset Return</u>	<u>CalPERS Long-Term Expected Annual Return¹</u>	<u>Expected Standard Deviation</u>	<u>One Standard Deviation Range</u>
Total Cash Equivalents	0.5 %	4.6 %	5.2 %	1.1 %	4.1 - 6.3 %
Total AIM	5.5	19.9	13.5	30.0	-16.5 - 43.5
Total Global Fixed Income	24.2	1.6	6.1	8.0	-1.9 - 14.1
Equities					
Domestic	39.7	5.0	9.6	17.0	-7.4 - 26.6
International	<u>22.8</u>	<u>23.5</u>	9.1	19.5	-10.4 - 28.6
Total Equities	62.5	11.4			
Total Real Estate	7.4	32.0	8.5	14.0	-5.5 - 22.5
Total Fund	<u>100.0</u>	<u>10.1</u>	<u>8.8</u>	<u>12.2</u>	<u>-3.4 - 21.0</u>

¹ Asset Allocation Workshop, October 2004

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GROSS RETURNS
One Year
August 1, 2005 to July 31, 2006

	(A)	(B)	(C)
<u>Asset Classes</u>	<u>Reported Gross Return</u>	<u>Expenses¹ (Percent)</u>	<u>Net Return (A-B)</u>
Total Cash Equivalents	4.59%	0.00%	4.59%
Total AIM	19.96%	0.02%	19.94%
Total Global Fixed Income	1.56%	0.01%	1.55%
Equities			
Domestic	5.08%	0.04%	5.04%
International	<u>23.58%</u>	<u>0.09%</u>	<u>23.49%</u>
Total Equities	11.41%	0.05%	11.36%
Total Real Estate	38.68%	6.68%	32.00%
	<hr/>	<hr/>	<hr/>
Total Fund	10.42%	0.33%	10.09%

¹ Does not include Real Estate Advisor Fees or External Equity and Fixed Income manager base fees which are already netted out of return. Does include AIM Partnership and Direct Component fees.

CALPERS INVESTMENT IN CALIFORNIA as of July 31, 2006

(A)	(B)	(C)	(D)	(E)	(F)
		California		CA Investment	
	Portfolio	(Commitment/	California	as % of	
	Value	Investments) ¹	Investments	Asset Class	
<u>Asset Class</u>	<u>(\$ millions)</u>	<u>(\$ millions)</u>	<u>(\$ millions)</u>	<u>(D/B)</u>	<u>Program Description or Assumption</u>
REAL ESTATE					
Total Real Estate	15,581.6	8,442.7	4,113.9	26 %	Outstanding commitments (column C/column B): 54.2%
EQUITY					
AIM: Partnership Component	11,452.2	1,900.0	1,700.0	15	Includes commitments through July 31, 2006
Domestic Equity	83,265.1	12,489.8	12,489.8	15	CA investment is approximately 15%
International Equity	<u>47,957.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
Total Equities	<u>142,674.8</u>	<u>14,389.8</u>	<u>14,189.8</u>	<u>10 %</u>	
FIXED INCOME					
Domestic Fixed Income					
Corporate / Treasury Bonds	26,735.9	501.1	501.1	2	Companies headquartered in CA
Mortgages and Commercial (Whole Loans/MBS)	16,329.4	2,904.0	2,904.0	18	Mortgage CA investments assumed to be 10% GNMA; 20% FNMA; 20% FHLMC; 20% CMO.
External Managed	1,064.8	0.0	0.0	<u>0</u>	
Subtotal	44,130.0	3,405.1	3,405.1	8	
International Fixed Income	<u>6,620.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
Total Fixed Income	<u>50,750.4</u>	<u>3,405.1</u>	<u>3,405.1</u>	<u>7 %</u>	
CASH / CASH EQUIVALENTS					
Total Cash / Cash Equivalents	949.3	0.0	0.0	0	On deposit at the Treasurer's Office: \$820.05
TOTAL	<u>209,956.1</u> =====	<u>26,237.6</u> =====	<u>21,708.8</u> =====	<u>10 %</u> =====	Outstanding commitments (column C/column B): 12.5%

¹ Total actual investments at market value and outstanding program commitments in California

OPEN SESSION
Chief Investment Officer's / Assistant Executive Officer's Report
DISCLOSURE OF CLOSED SESSION ACTION ITEMS

Investment Committee Meeting	Agenda Item	Investment Committee Action	Vote
Closed October 14, 2003	AIM Program – Enron Update	Gave express delegated authority to the Chief Investment Officer and the General Counsel to proceed in their joint discretion to remove the general partner pending resolution of the JEDI II buyout.	Roll call vote: YES – Carlson, Diehr, Green, Harrigan, Just, Mathur, Moyer, Shimada, Solich
Closed December 15, 2003	AIM Program – Enron Update	Approval to delegate authority to staff to negotiate a settlement of \$100 million or above, and that anything below that would be brought back to the Committee.	Roll Call Vote: YES – Abrams, Bert, Diehr, Eliopoulos, Green, Just, Mathur, Quevedo, Shimada, Valdes
Closed June 19, 2005	Real Estate – Investment in REIT Partnership	Approved investing in a partnership with Adelante Capital Management to invest in domestic Public Real Estate Equity Securities (PREES) subject to satisfactory due diligence and negotiation.	Roll Call Vote: YES – Berte, Carlson, Diehr, Endsley, Feckner, Greene Ross, Hiber, Mathur, Oliveira, Shimada, Tom, Valdes